



QUARTERLY REPORT – First Quarter Ended 31 March 2015

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the quarter ended 31 March 2015

	CURRENT QUARTER		CUMULATIVE QUARTER	
	<i>3 months ended 31 March</i>		<i>3 months ended 31 March</i>	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<i>In thousand of RM</i>				
Continuing operations				
Revenue	186,464	116,025	186,464	116,025
Cost of sales	(158,329)	(93,491)	(158,329)	(93,491)
Gross profit	28,135	22,534	28,135	22,534
Other income	562	1,618	562	1,618
Administrative expenses	(3,330)	(3,236)	(3,330)	(3,236)
Results from operating activities	25,367	20,916	25,367	20,916
Finance income	1,000	1,222	1,000	1,222
Finance expense	(105)	(104)	(105)	(104)
Net finance income	895	1,118	895	1,118
Profit before tax	26,262	22,034	26,262	22,034
Income tax expense	(6,636)	(5,634)	(6,636)	(5,634)
Profit for the period	19,626	16,400	19,626	16,400
Other comprehensive income, net of tax	-	-	-	-
Profit/Total comprehensive income for the period	16,626	16,400	16,626	16,400
Profit/Total comprehensive income attributable to Owners of the Company	16,626	16,400	16,626	16,400
Earnings per share from continuing operations				
Basic earnings per ordinary share (sen)	3.57	2.97	3.57	2.97

The notes set out on pages 5 to 10 form an integral part of, and should be read in conjunction with this interim financial report and the Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014



QUARTERLY REPORT – First Quarter Ended 31 March 2015

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 March 2015

In thousand of RM

	31 March 2015 RM'000	31 December 2014 RM'000
ASSETS		
Property, plant and equipment	121,799	120,266
Investment properties	14,644	14,182
Land held for property development	175,498	174,004
Total non-current assets	311,941	308,452
Inventories	19,460	13,303
Property development costs	76,661	67,476
Trade and other receivables	296,336	264,119
Deposits and other assets	2,533	4,103
Cash and bank balances	85,046	149,413
Total current assets	480,036	498,414
TOTAL ASSETS	791,977	806,866
EQUITY		
Share capital	116,535	116,535
Capital redemption reserves	2,165	2,165
Retained earnings	534,753	515,127
Treasury shares	(37,859)	(37,859)
Total equity attributable to owners of the Company	615,594	595,968
TOTAL EQUITY	615,594	595,968
LIABILITIES		
Deferred tax liabilities	15,128	15,486
Total non-current liabilities	15,128	15,486
Trade and other payables	157,958	192,578
Current tax payables	3,297	2,834
Total current liabilities	161,255	195,412
TOTAL LIABILITIES	176,383	210,898
TOTAL EQUITY AND LIABILITIES	791,977	806,866
Net Assets Per Share Attributable to Ordinary Equity Owners (RM)	1.12	1.08

The notes set out on pages 5 to 10 form an integral part of, and should be read in conjunction with this interim financial report and the Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014



QUARTERLY REPORT – First Quarter Ended 31 March 2015

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the period ended 31 March 2015

<i>In thousand of RM</i>	Period ended 31 March	
	2015 RM'000	2014 RM'000
Cash flows from operating activities		
Profit before taxation from continuing operations	26,262	22,034
<i>Adjustments for:-</i>		
Non-cash items	2,562	2,763
Non-operating items	(1,069)	(2,541)
Operating profit before changes in working capital	27,755	22,256
Change in inventories	(6,156)	688
Change in property development costs	(9,183)	(337)
Change in receivables, deposits and other financial assets	(30,307)	39,466
Change in payables	(34,720)	(53,787)
Cash generated from operations	(52,611)	8,286
Overdraft interest paid	(6)	(6,528)
Income taxes paid	(6,530)	-
Net cash generated from operating activities	(59,147)	1,758
Cash flows from investing activities		
Acquisition of property, plant & equipment	(4,229)	(2,711)
Proceeds from disposal of property, plant & equipment	411	1,877
Acquisition of investment properties	(568)	(497)
Land held for property development	(1,493)	(3,484)
Interest received	659	1,020
Net cash used in investing activities	(5,220)	(3,795)
Cash flows from financing activities		
Purchase of treasury shares	-	(1,141)
Dividends paid to owners of the Company	-	-
Net cash used in financing activities	-	(1,141)
Net decrease in cash and cash equivalents	(64,367)	(3,178)
Cash and cash equivalents at 1 January 2015 / 1 January 2014	149,413	157,790
Cash and cash equivalents at 31 March 2015 / 31 March 2014	85,046	154,612

Cash and cash equivalents

Cash and cash equivalents included in the condensed consolidated statements of cash flows comprise the following amounts in condensed consolidated statements of financial position:

<i>In thousand of RM</i>	Period ended 31 March	
	2015 RM'000	2014 RM'000
Cash and bank balances	45,009	59,466
Deposits placed with licensed banks	40,037	95,146
	85,046	154,612

The notes set out on pages 5 to 10 form an integral part of, and should be read in conjunction with this interim financial report and the Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014



QUARTERLY REPORT – First Quarter Ended 31 March 2015

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the period ended 31 March 2015

	-----Attributable to owners of the Company-----				
	-----Non-distributable-----		-----Distributable-----		TOTAL
	SHARE CAPITAL	CAPITAL REDEMPTION RESERVES	TREASURY SHARES	RETAINED EARNINGS	
<i>In thousand of RM</i>	RM'000	RM'000	RM'000	RM'000	RM'000
Period ended 31 March 2015					
At 1 January 2015	116,535	2,165	(37,859)	515,127	595,968
Profit/Total comprehensive income for the period	-	-	-	19,626	19,626
Treasury shares, at cost	-	-	-	-	-
At 31 March 2015	116,535	2,165	(37,859)	534,753	615,594
Period ended 31 March 2014					
At 1 January 2014	116,535	2,165	(36,370)	454,691	537,021
Profit/Total comprehensive income for the period	-	-	-	16,400	16,400
Treasury shares, at cost	-	-	(1,141)	-	(1,141)
At 31 March 2014	116,535	2,165	(37,511)	471,091	552,280

The notes set out on pages 5 to 10 form an integral part of, and should be read in conjunction with this interim financial report and the Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014



QUARTERLY REPORT – First Quarter Ended 31 March 2015

NOTES TO THE INTERIM FINANCIAL REPORT

For the quarter ended 31 March 2015

1. Basis of preparation

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Financial Reporting Standard (FRS) 134, Interim Financial Reporting issued by Malaysian Accounting Standard Board. They do not include all the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2014.

2. Significant accounting policies

These condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies applied in the 2014 financial statements except for the adoption of the new and revised FRSs, IC Interpretations and Amendments that are applicable to the Group for the financial period beginning 1 January 2015. The adoption of these FRSs, interpretations and amendments does not have any material impact on the financial statements of the Group.

The Group falls within the scope of IC interpretation 15, *Agreements for the Construction of Real Estate*. Therefore the Group is currently exempted from adopting the Malaysian Financial Reporting Standards (“MFRS”) and is referred to as a “Transitioning Entity”. Being a Transitioning Entity, the Group and the Company will adopt the MFRS and present its first set of MFRS financial statements when adoption of the MFRS is mandated by the Malaysian Accounting Standard Board (MASB).

On 2 September 2014, MASB has announced that a Transitioning Entity shall apply the MASB Framework for annual periods beginning on or after 1 January 2017. The Group is currently assessing the financial impact of adopting MFRS for annual periods beginning on or after 1 January 2017.

3. Seasonality and Cyclicity of Operations

The business operations of the Group are not materially affected by any seasonal or cyclical factors except that the level of construction activities in the first quarter of the year and during rainy season is generally lower.

4. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter and financial year to date.

5. Changes in estimates

There were no changes in estimates reported in prior financial years that have a material effect in the current interim period.

6. Debt and Equity Securities etc

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities except for the following:

Share Buy Back

During the current quarter under review, the Company did not buy back any shares.

As at 31 March 2015, the number of treasury shares held were 33,158,781 shares at a total cost of RM37,858,954 and all the repurchase transactions were financed by internally generated funds. None of the shares purchased back was resold or cancelled during the quarter under review.



QUARTERLY REPORT – First Quarter Ended 31 March 2015

7. Operating Segment

The Group has two reportable segments, as described below, which are the Group's strategic units.

Construction : Marine and civil engineering works and construction
 Property development : Development of residential and commercial properties

	Construction	Property Development	Other non-Reportable segment	Inter-Segment elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
For the period ended 31 March 2015					
<i>In thousand of RM</i>					
Segment profit					
<i>Revenue from external customers</i>	178,530	7,934	-	-	186,464
<i>Segment profit before tax, interest, depreciation and other material non-cash items</i>	25,726	2,288	(1)	5	28,018
Depreciation	(2,535)	(10)	(106)	-	(2,651)
Interest income from bank balances	639	4	22	-	665
Interest income from other financial assets	336	(1)	-	-	335
Interest expense on bank balances	-	(6)	-	-	(6)
Interest expense on other financial liabilities	(99)	-	-	-	(99)
Segment profit before tax	24,067	2,275	(85)	5	26,262
Income tax expense					(6,636)
Profit for the period					19,626

Segment assets	496,121	269,428	26,705	(277)	791,977
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Segment liabilities	159,380	22,054	18	(5,069)	176,383
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	Construction	Property Development	Other non-Reportable segment	Inter-Segment elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
For the period ended 31 March 2014					
<i>In thousand of RM</i>					
Segment profit					
<i>Revenue from external customers</i>	107,852	8,174	-	-	116,026
<i>Segment profit before tax, interest, depreciation and other material non-cash items</i>	20,844	2,575	-	11	23,430
Depreciation	(2,402)	(8)	(104)	-	(2,514)
Interest income from bank balances	996	28	15	-	1,039
Interest income from other financial assets	182	1	-	-	183
Interest expense on other financial liabilities	(104)	-	-	-	(104)
Segment profit before tax	19,516	2,596	(89)	11	22,034
Income tax expense					(5,634)
Profit for the period					16,400

Segment assets	469,360	247,892	24,080	(298)	741,034
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Segment liabilities	178,062	10,754	12	(74)	188,754
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The activities of the Group are carried out in Malaysia and as such, segmental reporting by geographical locations is not presented.

8. Dividend Paid

There was no dividend paid during the quarter ended 31 March 2015.

9. Subsequent Material Events

There was no material events subsequent to the end of the period reported on till the date of this quarterly report.



QUARTERLY REPORT – First Quarter Ended 31 March 2015

10. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter under review.

11. Contingent Liabilities

There were no contingent liabilities in respect of the Group that have arisen since 31 March 2015 till the date of this quarterly report.

12. Property, plant and equipment

The acquisitions and disposals of property, plant and equipment for the period ended 31 March 2015 were as follows:-

<i>In thousand of RM</i>	3 months ended 31 March	
	2015	2014
	RM'000	RM'000
Acquisitions of property, plant and equipment, at cost	4,229	2,711
Disposals of property, plant and equipment, at carrying amount	149	703

13. Commitment

The amount of commitment not provided for in the interim financial report as at 31 March 2015 were as follows:-

<i>In thousand of RM</i>	As at 31 March	
	2015	2014
	RM'000	RM'000
Acquisition of property, plant and equipment		
Approved and contracted for	64	855
Approved but not contracted for	75,000	75,400
	<u>75,064</u>	<u>76,255</u>

14. Recurrent Related Party Transactions

The aggregate gross value of significant recurrent related party transactions for the period ended 31 March 2015 were as follows:-

<i>In thousand of RM</i>	3 months ended 31 March	
	2015	2014
	RM'000	RM'000
Aggregate gross value of significant recurrent related party transactions	<u>7,831</u>	<u>14,452</u>

The significant related party transactions comprise transactions with companies controlled by or connected to certain substantial shareholders and/or Directors of the Company, namely Yii Chi Hau, Yu Chee Hoe, Yii Chee Sing, Lau Kiing Kang, Lau Kiing Yieing and Estate of the Late Yu Chee Lieng.

The above transactions have been entered into in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public.

15. Key Management Personnel Compensation

<i>In thousand of RM</i>	3 months ended 31 March	
	2015	2014
	RM'000	RM'000
Directors' compensation	700	793
Other key management personnel compensation	<u>775</u>	<u>821</u>



QUARTERLY REPORT – First Quarter Ended 31 March 2015

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

For the quarter ended 31 March 2015

16. Review of Performance

The Group derives revenue from construction and property development activities.

Revenue for the quarter under review is RM186.46 million, an increase of 61% against the preceding year corresponding quarter's figure of RM116.03 million. The increase was mainly due to the increased activities in construction segment which contributed RM178.53 million (96%) of the Group's revenue for the quarter.

The net profit before tax of the Group for the current quarter is RM26.26 million, an increase of 19% as compared to RM22.03 million for the preceding year's corresponding quarter.

The changes in revenue and net profit before tax were contributed by the following segments:

Construction segment: For the 3-month period ended 31 March 2015, the revenue and net profit before tax are RM178.53 million and RM24.07 million compared to the previous year's corresponding quarter figures of RM107.85 million and RM19.52 million respectively. The revenue for the current quarter has improved by 66% as compared to the previous year's corresponding quarter while profit before tax has increased by 23%. The higher revenue was mainly due to the increased activities in construction segment. Lower profit margin were recorded as more projects were secured via open tender and general increase in cost of construction.

Property development segment: For the period ended 31 March 2015, the revenue and net profit before tax decreased to RM7.93 million and RM2.19 million from the previous year's corresponding quarter figures of RM8.18 million and RM2.51 million respectively. This was mainly due to higher properties sales in 2014.

17. Variation of Results against Immediate Preceding Quarter

The net profit before tax of the Group for the current quarter is RM26.26 million compared to RM27.05 million for the immediate preceding quarter on the back of the Group's revenue of RM186.46 million and RM193.12 million respectively.

18. Current Year Prospects

Spearheaded by the Sarawak Corridor of Renewable Energy (SCORE) initiative as well as the forces of industrialisation and urbanization, the Sarawak Growth story remains a compelling one. There are construction contracts opportunities for HSL as infrastructure are being developed in key SCORE growth node towns of Tanjung Manis, Mukah and Samalaju. The Group is also focused on further opportunities in the urban centres, particularly in marine engineering ie mass land reclamation, flood mitigation, water supply and tunneling. The increased focus on improving infrastructure and utilities for Sarawak's rural communities and the planned upgrading of the Pan-Borneo Highway are also agendas which produce further opportunities for the Group. HSL's further foresee property development segment making a greater impact on the business of HSL Group and is preparing for new launches in 2015.

19. Actual profit vs forecast profit / Profit guarantee

This note is not applicable, as no profit forecast was published and the Group is not required to give any profit guarantee.



QUARTERLY REPORT – First Quarter Ended 31 March 2015

20. Income Tax Expense

	Individual Quarter 3 months ended 31 March		Cumulative Quarter 3 months ended 31 March	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<i>In thousand of RM</i>				
Current Tax Expense - Malaysian				
Current quarter/period	6,993	5,451	6,993	5,451
Over provision in prior year	-	-	-	-
Deferred Tax Expense - Malaysian				
Current quarter/period	(357)	183	(357)	183
Under provision in prior year	-	-	-	-
Income tax expense	6,636	5,634	6,636	5,634

Reconciliation of effective tax expense

Profit for the quarter/period	19,626	16,400	19,626	16,400
Total income tax expense	6,636	5,634	6,636	5,634
Profit before taxation	26,262	22,034	26,262	22,034
Income tax using Malaysian tax rates	6,565	5,508	6,565	5,508
Non-deductible expenses	71	126	71	126
Over provision in prior year	-	-	-	-
Income tax expense	6,636	5,634	6,636	5,634

21. Status of Corporate Proposals

There was no corporate proposal announced but not completed at the date of this quarterly report.

22. Group Borrowings and Debt Securities

There were no borrowings and debt securities outstanding as at the end of the reporting period.

23. Material Litigation

There was no material litigation pending since 31 March 2015 till the date of this quarterly report.

24. Dividend

The shareholders have approved the final single-tier exempt dividend of 8% (1.6 sen) per ordinary share for the financial year ended 31 December 2014 at the Annual General Meeting held on 21 May 2015. The entitlement date for the dividend shall be 9 June 2015 and the dividend shall be paid on 23 June 2015.

25. Earnings per Share

	Individual Quarter 3 months ended 31 March		Cumulative Quarter 3 months ended 31 March	
	2015	2014	2015	2014
Net profit attributable to ordinary owners of the Company (RM'000)	19,626	16,400	19,626	16,400
Weighted average number of ordinary shares ('000)	549,517	552,623	549,517	552,623
Basic earnings per share (sen)	3.57	2.97	3.57	2.97



QUARTERLY REPORT – First Quarter Ended 31 March 2015

26. Profit before tax

Profit before tax is arrived at after charging/(crediting) the followings:

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 March		31 March	
<i>In thousand of RM</i>	2015	2014	2015	2014
	RM,000	RM,000	RM,000	RM,000
Interest income from bank balances	665	1,039	665	1,039
Interest income from other financial assets	335	183	335	183
Other income including investment income	66	65	66	65
Interest expense on bank balances	-	-	-	-
Interest expense on other financial liabilities	105	104	105	104
Depreciation and amortization	2,651	2,514	2,651	2,514
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Gain/(loss) on disposal of properties, plant and equipment	405	1,500	405	1,500
Gain/(loss) on disposal of investments	-	-	-	-
Impairment/(Reversal of impairment) of financial assets	(116)	(435)	(116)	(435)
Foreign exchange gain/(loss)	-	-	-	-
Gain/(loss) on derivatives	-	-	-	-
Exceptional item	-	-	-	-

27. Derivative Financial Instruments

There were no derivative financial instruments as at 31 March 2015.

28. Gains/Losses arising from fair value changes of financial liabilities

There were no gains or losses arising from fair value changes of the financial liabilities for the current quarter and financial period ended 31 March 2015.

29. Disclosure of realised and unrealised profits

The breakdown of the retained earnings of the Group into realised and unrealised profits or losses, pursuant to the directive of Bursa Securities Malaysia Berhad, is as follows:

<i>In thousand of RM</i>	As at	As at
	31 March	31 March
	2015	2014
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	551,394	488,105
- Unrealised	(16,364)	(16,716)
	535,030	471,389
Less : Consolidation adjustments	(277)	(298)
Total retained earnings as per consolidated financial statements	534,753	471,091

The determination of realised and unrealised profits is complied based on *Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements*, issued by the Malaysian Institute of Accountants.

30. Audit Report

The auditors have expressed an unqualified opinion on the Group's and Company's statutory financial statements for the year ended 31 December 2014 in their report dated 31 March 2015.

31. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 21 May 2015.

Issue Date: 21 May 2015